

# Union Calendar No. 438

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 2226

[Report No. 115–578]

To amend the Truth in Lending Act to provide a safe harbor from certain requirements related to qualified mortgages for residential mortgage loans held on an originating depository institution's portfolio, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2017

Mr. BARR (for himself, Mr. AMODEI, Mr. EMMER, Mr. HILL, Mr. HULTGREN, Mr. JOHNSON of Ohio, Mr. LUCAS, Mr. LUETKEMEYER, Mr. MARCHANT, Mr. MESSER, Mr. PEARCE, Mr. PITTINGER, Mr. POLIQUIN, Mr. ROYCE of California, Mr. ROTHFUS, Mr. STEWART, Mr. STIVERS, Mr. TIPTON, Mrs. WAGNER, Mr. WALBERG, Mr. WILLIAMS, Mr. DAVIDSON, Mr. KING of New York, Mr. LOUDERMILK, Mr. MCHENRY, Mr. POSEY, Mr. KUSTOFF of Tennessee, Mr. HUIZENGA, Mr. HOLLINGSWORTH, Mr. DUFFY, Mr. TROTT, and Mr. BLUM) introduced the following bill; which was referred to the Committee on Financial Services

FEBRUARY 23, 2018

Additional sponsors: Mr. ARRINGTON, Ms. TENNEY, Mr. ROSS, Mr. KING of Iowa, Mr. POE of Texas, Mr. COFFMAN, Mr. WOMACK, Mr. COLE, and Mr. BRENDAN F. BOYLE of Pennsylvania

FEBRUARY 23, 2018

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on April 28, 2017]

# **A BILL**

To amend the Truth in Lending Act to provide a safe harbor from certain requirements related to qualified mortgages for residential mortgage loans held on an originating depository institution's portfolio, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4        *This Act may be cited as the “Portfolio Lending and*  
5 *Mortgage Access Act”.*

6 **SEC. 2. MINIMUM STANDARDS FOR RESIDENTIAL MORT-**  
7 **GAGE LOANS.**

8        *Section 129C(b) of the Truth in Lending Act (15*  
9 *U.S.C. 1639c(b)) is amended by adding at the end the fol-*  
10 *lowing:*

11            *“(4) SAFE HARBOR.—*

12                    *“(A) IN GENERAL.—A residential mortgage*  
13 *loan shall be deemed a qualified mortgage loan*  
14 *for purposes of this subsection if the loan—*

15                            *“(i) is originated by, and continuously*  
16 *retained in the portfolio of, a covered insti-*  
17 *tution;*

18                            *“(ii) is in compliance with the limita-*  
19 *tions with respect to prepayment penalties*  
20 *described in subsections (c)(1) and (c)(3);*

21                            *“(iii) is in compliance with the re-*  
22 *quirements related to points and fees under*  
23 *paragraph (2)(A)(vii);*

24                            *“(iv) does not have negative amortiza-*  
25 *tion terms or interest-only terms; and*

1           “(v) is a loan for which the covered in-  
2           stitution considers, documents, and verifies  
3           the debt, income, and financial resources of  
4           the consumer in accordance with subpara-  
5           graph (C).

6           “(B) *EXCEPTION FOR CERTAIN TRANS-*  
7           *FERS.*—Subparagraph (A) shall not apply to a  
8           residential mortgage loan if the legal title to such  
9           residential mortgage loan is sold, assigned, or  
10          otherwise transferred to another person unless  
11          the legal title to such residential mortgage loan  
12          is sold, assigned, or otherwise transferred—

13                 “(i) to another person by reason of the  
14                 bankruptcy or failure of the covered institu-  
15                 tion that originated such loan;

16                 “(ii) to an insured depository institu-  
17                 tion or insured credit union that has less  
18                 than \$10,000,000,000 in total consolidated  
19                 assets on the date of such sale, assignment,  
20                 or transfer, if the loan is retained in port-  
21                 folio by such insured depository institution  
22                 or insured credit union;

23                 “(iii) pursuant to a merger of the cov-  
24                 ered institution that originated such loan  
25                 with another person or the acquisition of a

1           *the covered institution that originated such*  
2           *loan by another person or of another person*  
3           *by a covered institution, if the loan is re-*  
4           *tained in portfolio by the person to whom*  
5           *the loan is sold, assigned, or otherwise*  
6           *transferred; or*

7           *“(iv) to a wholly owned subsidiary of*  
8           *the covered institution that originated such*  
9           *loan if the loan is considered to be an asset*  
10           *of such covered institution for regulatory*  
11           *accounting purposes.*

12           *“(C) CONSIDERATION AND DOCUMENTATION*  
13           *REQUIREMENTS.—The consideration and docu-*  
14           *mentation requirements described in subpara-*  
15           *graph (A)(v) shall—*

16           *“(i) not be construed to require compli-*  
17           *ance with, or documentation in accordance*  
18           *with, appendix Q to part 1026 of title 12,*  
19           *Code of Federal Regulations, or any suc-*  
20           *cessor regulation; and*

21           *“(ii) be construed to permit multiple*  
22           *methods of documentation.*

23           *“(D) DEFINITIONS.—In this paragraph—*

24           *“(i) the term ‘covered institution’*  
25           *means an insured depository institution or*

1            *an insured credit union that, together with*  
2            *its affiliates, has less than \$10,000,000,000*  
3            *in total consolidated assets on the date on*  
4            *the origination of a residential mortgage*  
5            *loan;*

6            *“(ii) the term ‘insured credit union’*  
7            *has the meaning given the term in section*  
8            *101 of the Federal Credit Union Act (12*  
9            *U.S.C. 1752);*

10           *“(iii) the term ‘insured depository in-*  
11           *stitution’ has the meaning given the term in*  
12           *section 3 of the Federal Deposit Insurance*  
13           *Act (12 U.S.C. 1813);*

14           *“(iv) the term ‘interest-only term’*  
15           *means a term of a residential mortgage loan*  
16           *that allows one or more of the periodic pay-*  
17           *ments made under the loan to be applied*  
18           *solely to accrued interest and not to the*  
19           *principal of the loan; and*

20           *“(v) the term ‘negative amortization*  
21           *term’ means a term of a residential mort-*  
22           *gage loan under which the payment of peri-*  
23           *odic payments will result in an increase in*  
24           *the principal of the loan.”*



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